

EXHIBIT A

Deposition Transcript

Case Number: 23-12544

Date: May 8, 2024

In the matter of:

In re: VELSICOL CHEMICAL LLC, et
al.

TIMOTHY HORN

**CERTIFIED
COPY**

Reported by:

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TIMOTHY HORN
MAY 08, 2024

JOB NO. 968245

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

VELSICOL CHEMICAL LLC, et)
al.,)
Debtors.) Case No. 23-12544

The discovery deposition of TIMOTHY
HORN, taken in the above-entitled cause, reported by
Jodiana Stout, CSR, on Wednesday, May 8, 2024 at
9:30 a.m., pursuant to notice.

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<p>Page 10</p> <p>1 A Yes.</p> <p>2 Q Can you turn to Page 3 of this</p> <p>3 exhibit -- well, I guess it would be Page 3 and 4.</p> <p>4 A Uh-huh.</p> <p>5 Q Have you reviewed these topic areas</p> <p>6 that are attached?</p> <p>7 A I have.</p> <p>8 Q Are you prepared to provide the</p> <p>9 knowledge of Reznovae, Velsicol Holdings and</p> <p>10 Velsicol Chemical as to each topic?</p> <p>11 A Yes.</p> <p>12 Q And, just for the record, if I refer to</p> <p>13 Reznovae Holdings Corporation as Reznovae, do you</p> <p>14 know what I mean?</p> <p>15 A I do.</p> <p>16 Q And if I refer to Velsicol Chemical</p> <p>17 Holdings Corporation as Velsicol Holdings, does that</p> <p>18 make sense to you?</p> <p>19 A Yes, I do.</p> <p>20 Q And Velsicol Chemical is also for</p> <p>21 Velsicol, LLC?</p> <p>22 A Yes.</p> <p>23 Q Did you take any steps to prepare for</p> <p>24 your deposition today?</p>	<p>Page 11</p> <p>1 A I did. I certainly reviewed this</p> <p>2 document, reviewed the responsive documents that we</p> <p>3 sent via discovery, you know, looked at the -- the</p> <p>4 topics and the subjects at length. We reviewed</p> <p>5 documents so that I'm prepared to speak on the</p> <p>6 relevant subjects.</p> <p>7 Q Did you meet with your attorneys?</p> <p>8 A I did.</p> <p>9 Q When?</p> <p>10 A Couple times over the last couple</p> <p>11 weeks.</p> <p>12 Q For how long?</p> <p>13 A Couple hours each time.</p> <p>14 Q Was anyone else present with you at</p> <p>15 your meetings with your attorneys?</p> <p>16 A No.</p> <p>17 Q Did you speak to anyone else regarding</p> <p>18 this deposition?</p> <p>19 A No.</p> <p>20 Q Did you speak to any of the other</p> <p>21 shareholders of Reznovae?</p> <p>22 A No.</p> <p>23 Q Any employees of any of the debtors?</p> <p>24 A No.</p>
<p>Page 12</p> <p>1 Q When was Reznovae formed?</p> <p>2 A The summer of 2012.</p> <p>3 Q Who owns Reznovae?</p> <p>4 A Myself and my four partners. So Dennis</p> <p>5 Liu, Sherman Friedman, John Bonzer and George</p> <p>6 Harville.</p> <p>7 Q Has there been any change in the</p> <p>8 ownership of Reznovae since it was formed?</p> <p>9 A No other than a -- a slight movement</p> <p>10 in -- in equity ownership. John Bonzer went from</p> <p>11 8 to 10% midway through the ownership time frame, so</p> <p>12 the rest of the partners were diluted.</p> <p>13 Q Has there been any other change in</p> <p>14 ownership?</p> <p>15 A No.</p> <p>16 Q Does Reznovae have any employees?</p> <p>17 A Yes.</p> <p>18 Q How many?</p> <p>19 A It's eight -- it's eight employees. I</p> <p>20 need to think if they're employed by the -- by</p> <p>21 Reznovae or by Velsicol Chemical Holdings Corp. No,</p> <p>22 they're employed -- they're employed by the -- by</p> <p>23 the LLC.</p> <p>24 Q Are any of the shareholders also</p>	<p>Page 13</p> <p>1 employees?</p> <p>2 A Four of the -- all of us other than</p> <p>3 Dennis Liu.</p> <p>4 Q And at any point was Dennis Liu an</p> <p>5 employee?</p> <p>6 A Yes, up until mid-2018.</p> <p>7 Q So of the eight employees, five were</p> <p>8 shareholders?</p> <p>9 A Eight currently. So four are</p> <p>10 shareholders. At the time, when Dennis was an</p> <p>11 employee, it was -- I mean, it's ebbed and flowed.</p> <p>12 There was -- there was nine or ten. Actually in</p> <p>13 '12-- from '12 to '18, when Dennis was an employee,</p> <p>14 I don't know the exact amount. We had,</p> <p>15 approximately, 12, 13 employees. At the time when</p> <p>16 Dennis ceased being an employee in '18, we,</p> <p>17 approximately, had 10. Today it's eight without</p> <p>18 Dennis, and four of the eight today are</p> <p>19 shareholders.</p> <p>20 Q Okay. And what is the role of the</p> <p>21 other four who are not shareholders?</p> <p>22 A Customer service, supply chain,</p> <p>23 logistics, accounting, plant site manager --</p> <p>24 facility site manager I should say.</p>

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1 MS. REPORTER: I'm sorry?

2 BY THE WITNESS:

3 A Facility site manager.

4 Q And you believe that all eight

5 employees are employees of Velsicol Chemical, not

6 Resnovae Holding Corporation?

7 A Uh-huh.

8 MS. REPORTER: Is that a yes or a no?

9 BY THE WITNESS:

10 A Yes.

11 Q Does Resnovae have a managing board?

12 A Yes.

13 Q Who is on that board?

14 A Myself, Dennis Liu, and every year

15 rotating one of the three other shareholders.

16 Q Does the board hold regular meetings?

17 A Yes, at least once a year.

18 Q Are there minutes taken at those

19 meetings?

20 A Sometimes.

21 Q What types of decisions are made by the

22 directors?

23 A And, to be clear, the directors are

24 just Dennis Liu and myself. The board is comprised

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1 would be the four working shareholders. If it was a

2 material financial decision, again, where there were

3 no stated thresholds, it would be the board.

4 Q And when you made those decisions, was

5 it made on a majority vote based on shares?

6 A Yes. For the material decisions, yes.

7 Q For the nonmaterial decisions?

8 A It would be not equity but majority,

9 you know, three-of-four, two-of-four type of thing.

10 Q Okay. Regardless of the amount of

11 shares that that individual shareholder owned?

12 A Yes, yes, yes.

13 Q When was the last board meeting for

14 Resnovae?

15 A In -- right before we filed for Chapter

16 11.

17 MS. REPORTER: For? I'm sorry.

18 BY THE WITNESS:

19 A Chapter 11 Bankruptcy.

20 Q And that was a board -- go ahead.

21 Finish.

22 A Right -- just right before we took the

23 decision to file for restructuring.

24 Q So filing for restructuring was a board

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1 of Dennis and I and a rotating third member. What

2 types of decisions? Material decisions. You know,

3 so to the extent that we were considering an

4 investment in the business, to the extent we were

5 considering hiring a senior- or manager-level

6 employee, distributions, things like this, material

7 decisions.

8 Q Were all major financial decisions

9 approved by the board?

10 A It's a question of how you would define

11 material financial decision.

12 Q I guess did the company have a

13 threshold for when a financial decision would be

14 large enough for the board to have to be involved in

15 making that decision?

16 A I would say there was no formal dollar

17 threshold that the board would -- would use to take

18 a financial decision.

19 Q If the board was not involved in making

20 a financial decision, who made that decision?

21 A The management team, shareholders.

22 Q I apologize. So by management team,

23 you mean all five shareholders?

24 A If it was a nonmaterial decision, it

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1 decision?

2 A Yes.

3 Q What is your role at Resnovae?

4 A I'm the President, CEO and President.

5 Q You're also a Director; correct?

6 A Correct.

7 Q And how long have you been in that

8 role, I apologize, as President?

9 A As President?

10 Q As President, yes.

11 A Since Dennis Liu retired, so mid-2018.

12 Q And prior to that, Dennis Liu was

13 President?

14 A Yes.

15 Q And how long was he President?

16 A I don't know exactly. I can only speak

17 to when we bought the business. So for sure from

18 '12 to he retired, 2012 'til he retired.

19 Q And how long have you been a Director?

20 A Since we bought the business in July of

21 2012.

22 Q And who else is Directors?

23 A Dennis Liu.

24 Q And he is still a Director?

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1 A Yes.

2 Q Can you tell me what's the difference

3 between your role as President versus your role as a

4 Director?

5 A The -- the role as President has much

6 more kind of day-to-day operational type of -- type

7 of aspect to it, overseeing entire operation, right,

8 from sales to -- to supply relationships to

9 everything, watching over the business. Some

10 strategic but -- but, basically, looking over

11 everything. Whereas, the Director role would --

12 would have pieces of that but also some of the

13 strategic decision making around material decisions

14 we discussed earlier.

15 Q So is it fair to say that you make

16 day-to-day operational decisions as the President?

17 A Occasionally.

18 Q Do you run all decisions through all of

19 the shareholders for day-to-day operations?

20 A No.

21 Q So there's a certain number of

22 decisions that you make as the President without

23 involving other shareholders?

24 A I'm sorry. Say that again.

Page 20

1 A When we -- when we bought the business,

2 I was the Vice-President of Supply Chain.

3 Q And then prior to that, did you have

4 any other role?

5 A At Resnovae?

6 Q At Resnovae, yes.

7 A No.

8 Q Does Resnovae Holdings Corporation have

9 any business operations?

10 A No.

11 Q What does Resnovae do?

12 A It's a holding company that was formed

13 in 2012, when we bought the business, that,

14 effectively, holds the -- the stock of the company.

15 Q And why was Resnovae formed?

16 A For -- for tax efficiency reasons to

17 form an S Corp.

18 Q Can you explain that?

19 A If you don't, if you -- it was the

20 right thing to do for our form of business;

21 otherwise, we would be subject to double taxation.

22 Q Does Resnovae have any income separate

23 from its subsidiaries?

24 A No.

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1 Q I apologize. There's certain types or

2 number of day-to-day decisions that you make as the

3 President without input from the other

4 shareholders --

5 A Yeah.

6 Q -- is that accurate?

7 A Yeah.

8 Q So what types of decisions would those

9 be?

10 A Relationship, you know, contractual

11 signing of, let's say, supply contracts in -- in

12 Asia, for example. Things like deciding where the

13 bank should be and who we work with on the treasury

14 side, things like that.

15 Q Do you -- does Resnovae have any

16 written protocols for what types of decisions the

17 President can make without input from the

18 shareholders or the board?

19 A No, no.

20 Q So it's informal?

21 A Correct.

22 Q Did you have any prior roles at

23 Resnovae besides President -- before you were

24 President?

Page 21

1 Q Does Resnovae have any separate bank

2 accounts?

3 A Yes.

4 Q Can you explain?

5 A So the business is not run through

6 Resnovae. When Resnovae was formed, a bank account

7 was set up for us to put the money that we had to

8 pay for the company into so that it could be sent to

9 our owner, former owner. And it just remained as

10 such forever, but there's, effectively, no money in

11 it. I would say there's maybe \$5,000 in the account

12 today.

13 Q Where, which bank is that bank account?

14 A Bank of America.

15 Q And it would be in the name of Resnovae

16 Holding Company?

17 A Yes.

18 Q Does it have a separate -- I guess is

19 this a checking account, a savings account, what

20 type of account is this?

21 A Not -- not sure.

22 Q Is it a Money Market account? Do you

23 receive interest on it?

24 A No.

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<p>Page 22</p> <p>1 Q Since the sale of -- I know it's</p> <p>2 changed names -- let's just say the sale of</p> <p>3 Velsicol, from Arsenal to Resnovae, has any other</p> <p>4 funds been put into that account, the account that's</p> <p>5 owned by Resnovae?</p> <p>6 A Into the Resnovae account?</p> <p>7 Q Yes.</p> <p>8 A I believe at some point in the last two</p> <p>9 years there may have been 5 to 10 -- probably 5 to</p> <p>10 \$10,000 put in the account to pay a consultant.</p> <p>11 Q Is it usual for you to pay -- for the</p> <p>12 company to pay expenses out of that Resnovae</p> <p>13 account?</p> <p>14 A It's not usual.</p> <p>15 Q Why was the consultant paid out of that</p> <p>16 account in this instance?</p> <p>17 A It was a -- a different -- we were</p> <p>18 examining a new business line that we wanted to have</p> <p>19 looked at by a consultant.</p> <p>20 Q And why would that have been paid out</p> <p>21 of Resnovae's account versus --</p> <p>22 A For no particular reason.</p> <p>23 Q That's the only time you've used it in</p> <p>24 the last 10 years?</p>	<p>Page 23</p> <p>1 A Yes.</p> <p>2 Q Are funds ever internally transferred</p> <p>3 from accounts held by Velsicol Holdings or Velsicol</p> <p>4 Chemical into this account owned by Resnovae?</p> <p>5 A From those accounts into Resnovae?</p> <p>6 Q Yes.</p> <p>7 A No.</p> <p>8 Q How about the opposite? Are funds from</p> <p>9 this Resnovae account ever transferred to Velsicol</p> <p>10 Holdings or Velsicol Chemical, LLC's, accounts?</p> <p>11 A No, no.</p> <p>12 Q When was Velsicol Holdings formed?</p> <p>13 A In 2008, I believe.</p> <p>14 Q And who owns Velsicol Holding?</p> <p>15 A Resnovae owns 100% of Velsicol Chemical</p> <p>16 Holdings.</p> <p>17 Q And who owned Velsicol Holdings before</p> <p>18 Resnovae was formed?</p> <p>19 A Genovique Specialties Holdings</p> <p>20 Corporation.</p> <p>21 Q And how long did Genovique Specialties</p> <p>22 Holdings Corporation own Velsicol Holding, from its</p> <p>23 inception in 2008 through 2012 or was there an owner</p> <p>24 prior?</p>
<p>Page 24</p> <p>1 A No. From -- from 2008 to 2010 when the</p> <p>2 Eastman transaction occurred and Genovique Specialty</p> <p>3 Holdings Corporation no longer existed.</p> <p>4 Q And then who owned Velsicol Holdings</p> <p>5 from 2010 to 2012?</p> <p>6 A Arsenal.</p> <p>7 MS. REPORTER: Say the name again.</p> <p>8 BY THE WITNESS:</p> <p>9 A Arsenal Capital.</p> <p>10 MR. BLONDER: A-R-S-E-N-A-L.</p> <p>11 BY MS. KNOWLTON:</p> <p>12 Q And what is Velsicol Holdings'</p> <p>13 relationship to Resnovae?</p> <p>14 A It's a -- it's a sub to Resnovae</p> <p>15 Holdings Corp. It's 100% owned by Resnovae Holdings</p> <p>16 Corp., and it owns 100% of Velsicol Chemical, LLC.</p> <p>17 Q And why was Velsicol Holdings formed?</p> <p>18 A Simply to -- to be the -- to be the</p> <p>19 holdings company below the parent Genovique, right,</p> <p>20 to -- to run the business prior to Resnovae being</p> <p>21 formed in '12.</p> <p>22 Q Why would you want -- why did the</p> <p>23 company believe that was appropriate to have a</p> <p>24 middle holding company underneath Genovique</p>	<p>Page 25</p> <p>1 Specialties?</p> <p>2 MR. BLONDER: Objection.</p> <p>3 MR. BETMAN: Objection to foundation.</p> <p>4 BY MS. KNOWLTON:</p> <p>5 Q Does Velsicol Holdings have any</p> <p>6 employees?</p> <p>7 A No.</p> <p>8 Q Does Velsicol Holdings have a managing</p> <p>9 board?</p> <p>10 A No.</p> <p>11 Q Who makes decisions for Velsicol</p> <p>12 Holdings?</p> <p>13 A Resnovae.</p> <p>14 Q Resnovae? So it doesn't have any</p> <p>15 separate managing board?</p> <p>16 A No.</p> <p>17 Q It doesn't have any Directors?</p> <p>18 A No.</p> <p>19 Q It doesn't itself hold any meetings?</p> <p>20 A No.</p> <p>21 Q What role do you have at Velsicol</p> <p>22 Holdings?</p> <p>23 A I'm not -- I'm not sure.</p> <p>24 Q You're not sure what your role is at</p>

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1 Velsicol Holdings?
2 A It doesn't -- it's an entity that
3 doesn't do anything. It's a holdings company that
4 doesn't take decisions but owns 100% of the
5 operating company, the LLC, so I don't have a role,
6 per se.
7 Q So if -- if funds were transferred from
8 an account that's owned by Velsicol Holdings
9 Company, the board or Directors of Resnovae are the
10 decision makers for that; is that accurate?
11 A Uh-huh, yes.
12 Q So your role at Velsicol Holdings is
13 synonymous with your role with Resnovae; is that
14 accurate?
15 A Depends on the context of what -- of
16 what types of decisions you're talking about.
17 Q So as President of Resnovae Holding
18 Company, you make decisions for Velsicol Holding as
19 well?
20 A Yes.
21 Q Does Velsicol Holding have any business
22 operations?
23 A No.
24 Q What does Velsicol Holding do?

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1 of America.
2 Q Bank of America. So can you give me a
3 little more detail about the account you just
4 mentioned that holds money?
5 A From what time frame?
6 Q Just the account you had just
7 mentioned. You said they own an account that holds
8 money. What account were you speaking of?
9 A It's a -- it's -- you have -- you have
10 to -- you're speaking about what does it do today or
11 what did it do in what time frame?
12 Q Let's start with today. What does it
13 do today?
14 A Okay. Today it -- it, effectively,
15 holds funds that -- I should take a step back.
16 Today it -- it doesn't really perform any function.
17 Q By holding funds? Are there funds in
18 that today?
19 A Small money, very small money.
20 Q Are there funds in that account today?
21 A Yes.
22 Q What other -- let's take these one by
23 one. What other accounts besides this account does
24 Velsicol Holdings Corporation have?

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1 A It owns 100% of the LLC, the -- the
2 operating company as well as owning 100% of our
3 Irish entity and it -- it holds bank accounts.
4 Q Does Velsicol Holding have any income
5 separate from its subsidiaries?
6 A No.
7 Q Does Velsicol Holding have separate
8 bank accounts?
9 A Yes.
10 Q Does it have an operating account?
11 A What is an operating account?
12 Q An account -- a checking account, an
13 account in which expenses are paid for a company.
14 A It has a bank account that -- it -- it
15 has a bank account that, through the tenure of the
16 company, has -- has held funds. I can't say whether
17 it was a Money Market, savings or checking account.
18 Q So Velsicol Holdings Company has one
19 bank account?
20 A It has more than one.
21 Q Okay. So you've explained the -- the
22 one account that you believe. And which bank do you
23 believe this one account you just mentioned was at?
24 A All of our banking is done through Bank

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1 A I don't -- I don't know the -- I don't
2 know one by one every account that the bank -- that
3 the company holds.
4 Q Who would know?
5 A I suppose -- I suppose our accountants.
6 Q Do you believe that there is another
7 account besides this one account in the name of
8 Velsicol Holdings Corporation or for which Velsicol
9 Holdings has an interest in?
10 A No.
11 Q Was a specific bank account created for
12 Velsicol Holdings for the purposes of this
13 bankruptcy?
14 A No.
15 Q The funds that are in the account that
16 you had mentioned, where did those funds originate?
17 A So the funds in the holdings company
18 account originated -- and to be clear, the holdings
19 company account, if it has any money today, has a
20 de minimis amount of money in the account other than
21 just amount of money to keep the account open, okay?
22 The account was formed in 2010
23 at the time of the Eastman/Genovique failed
24 transaction. At that point, a certain amount of

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1 A It's -- it's the operating company,
2 which is a sub of a sub, right. So, again, Resnovae
3 Holdings Corp. owns a hundred -- today owns 100% of
4 Velsicol Chemical Holdings Corp., which owns 100% of
5 Velsicol Chemical, LLC.
6 Q And I think we've established but just
7 to make sure, Velsicol Chemical has employees,
8 correct?
9 A Yes.
10 Q Currently eight employees; is that
11 right?
12 A Yes.
13 Q Including four -- now four of the
14 shareholders of Resnovae?
15 A Correct.
16 Q But it used to be all five shareholders
17 of Resnovae?
18 A When it was formed, yes.
19 Q Does Velsicol Chemical have a managing
20 board?
21 A The LLC?
22 Q The LLC.
23 A No.
24 Q Who makes decisions for Velsicol

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1 Resnovae and Velsicol Chemical, who makes those
2 decisions?
3 A Me.
4 Q Without shareholders?
5 A What types of transfers?
6 Q So some transfers are made by you?
7 A What -- what do you mean by transfer?
8 Because we can transfer money to pay a supplier,
9 right, every day so --
10 Q Internal transfers between accounts
11 held by --
12 A Between the subs?
13 Q Between Resnovae, Velsicol Holdings and
14 Velsicol Chemical.
15 A So to the extent that we've discussed
16 that -- that there are no transfers between Resnovae
17 and Velsicol Chemicals Holdings Corp. or the LLC, so
18 this is not a thing. To the extent there are monies
19 transferred between Holdco and LLC before the
20 account went to zero, those would be approved by --
21 by a third party, a disbursement agent.
22 Q Can you explain that?
23 A So we -- we established that the Holdco
24 account was set up in 2010 with funds -- a portion

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1 Chemical, LLC?
2 A The same structure that we discussed
3 for the holdings company in regards to decisions
4 holds for the LLC as well.
5 Q So the managing board of Resnovae makes
6 decisions -- all decisions for Velsicol Chemical,
7 LLC?
8 A The managing board of -- of Resnovae
9 would make material decisions for the operating
10 company, for the LLC, and nonmaterial decisions are
11 taken by the shareholders.
12 Q The shareholders of Resnovae, to be
13 clear?
14 A The shareholders, yes.
15 Q As President of Resnovae, do you make
16 day-to-day operational decisions for Velsicol
17 Chemical?
18 A Some.
19 Q And the decisions you don't make, who
20 makes those decisions?
21 A Shareholders in their specific area of
22 expertise.
23 Q In terms of financials and internal
24 transfers of funds between Velsicol Holdings,

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1 of the funds from the Eastman transaction. There's
2 also the time when the legacy account at Holdco was
3 established and the concept of paying for approved
4 legacy sites was established. So, at that point,
5 until the company was sold in 2012, the operating
6 company, the LLC would pay those legacy liabilities
7 which would then be reimbursed from the Holdings
8 company account, approved by a third party.
9 That third party, until we
10 bought the business, is Arsenal. At the time when
11 we bought the business, the concept of this legacy
12 account with an account held by Holdco, which became
13 an escrow account at this point, held at Bank of
14 America --
15 Q Uh-huh.
16 A -- still was held by -- still was --
17 those expenses were still paid for by the operating
18 company, the LLC, for sites that were approved and
19 defined in the SPA transaction documents. And in
20 this circumstance, not approved no longer from
21 Arsenal, because they're out of the loop, approved
22 by the disbursement agent, a third party, who
23 happened to be a lawyer based in New York. So when
24 that disbursement agent approved those expenses

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1 Q Were the shareholders employees after
2 the sale?
3 A All five of us, yes.
4 Q With Velsicol Chemical, LLC?
5 A Right.
6 Q I want to go through the shareholders
7 and what their roles were at the company at this
8 time. What was your role at Velsicol Chemical, LLC,
9 at the time of the sale?
10 MR. BETMAN: Are you saying -- when you
11 say the time of the sale, you mean after the sale or
12 before the sale?
13 MS. KNOWLTON: Yes, after the sale. I
14 apologize. After the sale in 2012.
15 MR. BETMAN: Okay.
16 BY THE WITNESS:
17 A Directly after?
18 Q Yes. What was your role with --
19 A I was responsible for supply chain,
20 legacy, so environmental and legal, was responsible
21 for manufacturing.
22 Q Are you a lawyer?
23 A No. That's it.
24 Q And that -- that was --

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1 salaries or you would each, respectively, set your
2 own salary?
3 A We would -- we would look at -- we
4 would look at third-party data to ensure that we
5 were, you know, compliant with order magnitude,
6 regional, job title, job arranges and -- and we
7 would discuss what's appropriate for our respective
8 roles.
9 Q So would it be a mutual decision then
10 for your two salaries and then at this time it would
11 have been Mr. Dennis' decision for the remaining
12 shareholders' salaries as well?
13 A Yeah.
14 Q What was Dennis Liu's position at
15 Velsicol Chemical at -- right after the sale in
16 2012?
17 A He was the President.
18 Q He was the President. Was his salary
19 associated with his role as President?
20 A Yeah.
21 Q And he was the President of Resnovae or
22 the President of Velsicol Chemical?
23 A We don't -- we don't talk -- the job
24 title roles are respective of the -- the role in the

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1 A The general operations of the company.
2 Everything excluding sales, let's say.
3 Q And then at that time also for
4 Resnovae, you were a director or shareholder;
5 correct?
6 A Uh-huh, correct.
7 Q And did you receive a salary for your
8 role at Velsicol Chemical at this time?
9 A Yes.
10 Q And who set your salary?
11 A At that point the President of the
12 company, Dennis Liu.
13 Q Is salary setting a board decision?
14 A From what time frame or just in
15 general?
16 Q In 2012.
17 A No. The -- let me think about this.
18 So Dennis and I would set our respective salaries
19 and then whoever the President at the time, which in
20 the overall time frame was me and Dennis, would set
21 the -- the balance of the salaries.
22 Q So when you say you and Dennis,
23 respectively, would set your salaries, do you mean
24 together you would make a decision on both of your

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1 LLC, the operating company, so we don't have titles
2 for the different debtors.
3 Q But at all times, including 2012,
4 salaries were paid out of the Velsicol Chemical
5 operating account?
6 A Correct.
7 Q What was George Harville's role at this
8 time in 2012?
9 A Vice-President of Environmental Legacy.
10 Q What were his responsibilities in that
11 role?
12 A Management oversight of the
13 environmental legacy footprint of the company.
14 Q Was that a full-time position?
15 A Yes.
16 Q I can't remember. I'm sorry. I'm
17 going to have to go back and look at names.
18 Friedman?
19 A Sherman Friedman.
20 Q Sherman Friedman, what was his role in
21 2012?
22 A Vice-President of Sales and Marketing.
23 Q And was that also a full-time role?
24 A Yes.

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1 Q Going back to Exhibit No. 8, under Cash
2 Withdrawals, \$1.2 million was withdrawn that year
3 from this account; is that correct?
4 A **You're on Page 1564?**
5 Q 1564 under Account Summary, Cash
6 Withdrawals, Year To Date.
7 A **Yep, that's right.**
8 Q And where were those funds transferred
9 to?
10 A **Every dollar that went from this**
11 **account went back to the operating account, the LLC**
12 **operating account.**
13 Q And who approved that decision?
14 A **Me.**
15 Q And what were those funds spent on?
16 A **As is the case with every one of these**
17 **statements, the operating expenses of the company**
18 **and the legacy liabilities of the company.**
19 MS. KNOWLTON: Can you mark this as
20 Exhibit 9?
21 (Horn Deposition Exhibit No. 9 was
22 marked.)
23 BY THE WITNESS:
24 A **Okay.**

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1 (Horn Deposition Exhibit No. 10 was
2 marked.)
3 BY THE WITNESS:
4 A **Okay.**
5 Q This is an Account Statement for the
6 Pershing account dated 12-31-2020; correct?
7 A **Uh-huh.**
8 Q Can you turn to page 1915? Under
9 Activity Summary, Cash Withdrawals, Net Year To
10 Date, it shows \$3.3 million withdrawn from this
11 account this year; is that correct?
12 A **That is correct.**
13 Q And where were those funds transferred
14 to?
15 A **To the LLC operating account.**
16 Q And who approved that decision?
17 A **Me.**
18 Q And what were those funds spent on?
19 A **Operating expenses, legacy expenses.**
20 **In addition to there was a distribution of**
21 **1.5 million to the shareholders in 2020.**
22 Q In 2020 was Velsicol Chemical --
23 Velsicol Chemical Company profitable?
24 A **No.**

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1 Q This is an Account Statement for the
2 Pershing account dated 12-31-2019; correct?
3 A **Correct.**
4 Q Can you turn to 1713? Looking at
5 Activity Summary, Cash Withdrawals, Year To Date,
6 \$1.3 million was withdrawn from the Pershing account
7 that year, correct --
8 A **That's right.**
9 Q -- in 2019?
10 A **That's right.**
11 Q Where were those funds transferred to?
12 A **To the LLC operating account.**
13 Q And who approved that decision?
14 A **Me.**
15 Q And what were those funds spent on?
16 A **Operating expenses of the company in**
17 **addition to the legacy expenses.**
18 Q Was Velsicol Chemical profitable in
19 2019?
20 A **Very close to break even. Break even,**
21 **let's say.**
22 MS. KNOWLTON: Can you mark this as
23 Exhibit 10?
24

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1 MS. KNOWLTON: Can you mark this as
2 Exhibit 11?
3 (Horn Deposition Exhibit No. 11 was
4 marked.)
5 BY THE WITNESS:
6 A **Okay.**
7 Q This is an Account Statement for the
8 Pershing account dated 12-31-2021; correct?
9 A **Correct.**
10 Q Can you turn to Page 2060?
11 A **Okay.**
12 Q Under Activity Summary, Cash
13 Withdrawals, Year To Date, it shows \$2.45 million
14 withdrawn from the account that year --
15 A **Right.**
16 Q -- is that correct?
17 A **Correct.**
18 Q Where were those funds transferred to?
19 A **To the LLC operating account.**
20 Q And who approved that decision?
21 A **Me.**
22 Q What were those funds spent on?
23 A **Operating expenses of the company and**
24 **the legacy obligations.**

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<p>1 MS. KNOWLTON: Perfect.</p> <p>2 BY MS. KNOWLTON:</p> <p>3 Q Then what's the answer to the question?</p> <p>4 A I'd like to see the document.</p> <p>5 Q I don't have the document printed out.</p> <p>6 Do you know, does Resnovae have the right --</p> <p>7 A Can you -- can you print it?</p> <p>8 Q Can you tell me your answer?</p> <p>9 A I'd be happy to answer --</p> <p>10 Q I'm sorry.</p> <p>11 A I'd be happy to answer if you printed</p> <p>12 the document.</p> <p>13 Q I don't have the document printed out.</p> <p>14 Do you, sitting here today, know if Resnovae has the</p> <p>15 right to repurchase stock from the shareholders?</p> <p>16 A I'm telling you no one has sold their</p> <p>17 shares since the inception in 2012 when the company</p> <p>18 was formed.</p> <p>19 Q Nobody has sold their shares?</p> <p>20 A No one has sold their shares.</p> <p>21 Q But Resnovae has the right to buy</p> <p>22 shares from shareholders --</p> <p>23 A I don't know. I'd like to see the</p> <p>24 document. The document says what it says. I'm sure</p>	<p>1 it's explicitly clear in the document.</p> <p>2 Q You and Mr. Liu are the Directors of</p> <p>3 Resnovae; correct?</p> <p>4 A Correct.</p> <p>5 Q And you have been since 2012?</p> <p>6 A Correct.</p> <p>7 Q Because you and Mr. Liu together own</p> <p>8 more than two-thirds of the outstanding shares, you</p> <p>9 can take action on behalf of the corporation without</p> <p>10 input from the other shareholders; correct?</p> <p>11 MR. BLONDER: Objection. Calls for a</p> <p>12 legal conclusion.</p> <p>13 BY THE WITNESS:</p> <p>14 A No, no.</p> <p>15 Q What proportion of the shares are</p> <p>16 required to vote yes to make a decision on behalf of</p> <p>17 the board?</p> <p>18 MR. BLONDER: Same objections.</p> <p>19 BY THE WITNESS:</p> <p>20 A What types of decision?</p> <p>21 Q Any decision. Let's say the most major</p> <p>22 decision, what percentage of shares need to vote yes</p> <p>23 for you to make that decision of the board?</p> <p>24 A Regardless of what the document says,</p>
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<p>1 major decisions have been taken by all shareholders.</p> <p>2 Q Is it a vote based on shares?</p> <p>3 MR. BETMAN: Object to the form.</p> <p>4 BY THE WITNESS:</p> <p>5 A No.</p> <p>6 Q Meaning does your vote carry more</p> <p>7 weight because you own more shares?</p> <p>8 A No, it does not.</p> <p>9 MS. KNOWLTON: I believe we're on</p> <p>10 Exhibit 14.</p> <p>11 MS. REPORTER: Yes.</p> <p>12 MS. KNOWLTON: Can we mark this Exhibit</p> <p>13 14, please?</p> <p>14 (Horn Deposition Exhibit No. 14 was</p> <p>15 marked.)</p> <p>16 MS. KNOWLTON: For the record this was</p> <p>17 produced as an Excel spreadsheet and the Bates</p> <p>18 number is not located on it when I printed it. But</p> <p>19 this is Bates stamped number VEL000010703.</p> <p>20 BY THE WITNESS:</p> <p>21 A Okay.</p> <p>22 Q Can you tell me what this is?</p> <p>23 A This is a document that the company</p> <p>24 prepared in response to the question related to</p>	<p>1 shareholder compensation.</p> <p>2 Q So it was produced in response to our</p> <p>3 discovery requests?</p> <p>4 A Correct.</p> <p>5 Q Who was involved in making this</p> <p>6 spreadsheet?</p> <p>7 A Myself and the accountants.</p> <p>8 Q Are the accountants employees of</p> <p>9 Velsicol Chemical Company or are they outside</p> <p>10 accountants?</p> <p>11 A Employees of the LLC.</p> <p>12 Q How many accountants?</p> <p>13 A Two.</p> <p>14 Q So looking at this spreadsheet, each of</p> <p>15 the individual shareholders received a salary each</p> <p>16 year from 2022 through 2024 except for Mr. Liu who</p> <p>17 stopped receiving a salary in 2019; is that correct?</p> <p>18 A That is correct.</p> <p>19 Q I think if you go to the second page,</p> <p>20 at the very top, and look from there, instead of --</p> <p>21 instead of a salary starting in 2019, Mr. Liu</p> <p>22 started receiving a consulting fee; is that correct?</p> <p>23 A That's correct.</p> <p>24 Q What was that consulting fee for?</p>

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1 A The base salary was his compensation as
2 a -- as the Chairman of the Board, the director of
3 the company.
4 Q And what was his consulting fee for?
5 A The nomenclature is consulting. So in
6 the years where you see 30, \$40,000, that's the base
7 fee for being a Chairman of the Board, director. In
8 years where it's higher than that, in particular, in
9 2020 and in 2023, he would do -- he would do
10 consulting work related to sales and marketing
11 projects.
12 Q So this here, the \$39,999.96, that's
13 the base for him --
14 A Yes.
15 Q -- acting as a director and board
16 member for Resnovae?
17 A And the -- and the Chairman of the
18 Board, yes.
19 Q In years like 2020 where his consulting
20 fee was \$124,582 --
21 MS. REPORTER: I need the amount again.
22 BY MS. KNOWLTON:
23 Q -- \$124,582, he did additional work for
24 the company?

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1 Q Were these salaries part of the
2 operating costs for Velsicol Chemical?
3 A Yes.
4 Q Would you say that the compensation the
5 shareholders received for salary was in line with
6 the market --
7 MR. BLONDER: Objection. Form.
8 BY MS. KNOWLTON:
9 Q -- based on their job responsibilities?
10 MR. BLONDER: Objection. Form.
11 MS. REPORTER: With the market? I'm
12 sorry.
13 BY MS. KNOWLTON:
14 Q Would you say the compensation for the
15 shareholders -- the shareholders received for their
16 salary was in line with the market based on their
17 job responsibilities?
18 MR. BETMAN: Objection. Form.
19 BY THE WITNESS:
20 A Yes.
21 MS. KNOWLTON: Did you catch the
22 objection also?
23 MS. REPORTER: Yes.
24

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1 A He did additional, what you would
2 consider consulting work, working on miscellaneous
3 commercial projects.
4 Q What did he consult on in 2020?
5 A Consulted on a project in Thailand that
6 we were considering. He consulted on a project for
7 Belgium that we were considering. He consulted on--
8 this was in the middle of COVID, right, so thinking
9 through strategic alternatives related to
10 diversifying the product portfolio.
11 Q Why did Mr. Liu stop receiving a salary
12 in 2019?
13 A Because he retired.
14 Q When Mr. Liu stopped being an employee
15 of Resnovae, did Resnovae repurchase any of his
16 shares in the company?
17 A No.
18 Q So looking through this spreadsheet,
19 from 2012 to 2013 the total annual salaries for the
20 shareholders ranges between \$828,000 and \$1,050,000?
21 A Which -- which time frame again?
22 Q Looking at all of these years, the
23 general range.
24 A Oh, yeah. Okay.

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1 BY MS. KNOWLTON:
2 Q Why?
3 A Salary levels were set in consultation
4 with internal market research as well as our third
5 party POE, Insperity, regularly giving us the
6 minimum at the end of the year when the salaries
7 were set but most of the time during the year, you
8 know, what the comparable midpoint and range of
9 salaries were in the regions these jobs existed for
10 the titles and job responsibilities, scope that they
11 entailed.
12 Q Were the shareholders paid less in the
13 years that Velsicol Chemical did not make a profit,
14 salaries?
15 A Were they paid less?
16 Q Was their salary reduced for years
17 where the company did not make a profit?
18 A The numbers are right here so.
19 Q So is that a yes or a no?
20 A The compensation was only reduced one
21 time in the -- in the later years. In the early
22 years when -- after we bought the business and we
23 lost money for the first few years, salaries are
24 what they were and there were -- there were modest

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<p>1 Q So it's the cost of the product --</p> <p>2 A Right.</p> <p>3 Q -- from purchase to delivery to a</p> <p>4 customer?</p> <p>5 A Correct.</p> <p>6 Q What is included in SG & A? And this</p> <p>7 is the gross margin.</p> <p>8 A Yeah. Lots of stuff. So payroll,</p> <p>9 salaries, attorneys, rent. Up until 2018, legal --</p> <p>10 so legal expenses are always -- general, regular</p> <p>11 legal expenses are always in SG & A. And up until</p> <p>12 2018, the legal legacy expenses were carried in</p> <p>13 other income expense. After 2018, I believe just in</p> <p>14 a simple accounting review, we carried the legal</p> <p>15 legacy expenses in SG & A. But, generally,</p> <p>16 everything from buying coffee and paper to trademark</p> <p>17 attorneys to salaries to almost every other thing</p> <p>18 you could think a company would pay for to run the</p> <p>19 business. Other than the cost of the product and</p> <p>20 the freight of the product.</p> <p>21 Q Does Velsicol Chemical keep an itemized</p> <p>22 list of these expenses per year?</p> <p>23 A Yeah.</p> <p>24 Q Is that something that it has in its</p>	<p>1 possession now?</p> <p>2 A Certainly for the -- for the near term</p> <p>3 years, yes.</p> <p>4 Q Would distributions -- I'm sorry --</p> <p>5 dividends to shareholder be included in SG & A?</p> <p>6 A No, they show up in other income</p> <p>7 expense.</p> <p>8 Q But the salaries, expenses, bonuses,</p> <p>9 the other compensation for shareholders would be</p> <p>10 included in SG & A?</p> <p>11 A Any payroll, T & E or bonus would be in</p> <p>12 SG & A.</p> <p>13 Q Okay. So looking at SG & A expenses,</p> <p>14 the salaries for shareholders is a significant</p> <p>15 portion of that number; correct?</p> <p>16 MR. BETMAN: Objection. Form.</p> <p>17 BY MS. KNOWLTON:</p> <p>18 Q Looking at 2022, the total SG & A is</p> <p>19 two point -- \$2,863,000?</p> <p>20 A Which year are you talking about?</p> <p>21 Q 2022.</p> <p>22 A SG & A is 2.8 in 2022.</p> <p>23 Q Yep, two point -- roughly, 2.8 million?</p> <p>24 A Point 9.</p>
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<p>1 Q And then the salaries that year for the</p> <p>2 shareholders was 854 -- roughly, \$855,000?</p> <p>3 A Those numbers are right, yeah.</p> <p>4 Q What are other major expenses that</p> <p>5 would be included in SG & A?</p> <p>6 A I don't have a break-out of them but</p> <p>7 it's -- it's things like I said. It's the rent.</p> <p>8 It's legal costs. It's -- I don't have the -- I</p> <p>9 don't have the detail at my fingertips. In the out</p> <p>10 years, as I said, from 2018 on, not just regular</p> <p>11 legal cost to support the business, patent and</p> <p>12 trademark stuff, it's legal legacy costs. So those</p> <p>13 in certain years could be substantial.</p> <p>14 Q So when we go down to other income</p> <p>15 expense --</p> <p>16 A Yep.</p> <p>17 Q -- you touched on this a little bit.</p> <p>18 But just so we're clear, what items would be</p> <p>19 included in other income expense?</p> <p>20 A Many different things. So it can -- so</p> <p>21 things like the dividends. Things like once a year</p> <p>22 the -- there's an environmental reevaluation of</p> <p>23 the-- of the 20-year liability. So we take one year</p> <p>24 of that. And dependent upon the interest rates,</p>	<p>1 dependent upon our new view of the liabilities and</p> <p>2 dependent upon the year-over-year movement, that can</p> <p>3 be put as a loss and in certain years can be</p> <p>4 substantial and be -- can be things like when we</p> <p>5 sold the Chattanooga property in 2020. Strangely,</p> <p>6 this is an income statement but we had -- we had</p> <p>7 the -- you know, we sold the property for a dollar.</p> <p>8 We had it as a fixed asset at \$500,000, a \$500,000</p> <p>9 impact -- negative impact to the P & L. So capital</p> <p>10 gains on real estate. Receivables that might have</p> <p>11 been written off that -- that then, subsequently,</p> <p>12 came in. So many different things.</p> <p>13 Q When you look at 2014, the other income</p> <p>14 expense shows an income of over \$9 million; is that</p> <p>15 correct?</p> <p>16 A Yes.</p> <p>17 Q Would that include the insurance</p> <p>18 settlement with AIG?</p> <p>19 A Yes, yes.</p> <p>20 Q And then looking at in 2018 we see an</p> <p>21 income of 8.9 million. Would that have been from</p> <p>22 the Westchester Insurance settlement?</p> <p>23 A Yes, a portion of it. You know, a</p> <p>24 large portion of it, of course, but there's many</p>